

**CONSULTANTS GROUP**

GEOLOGY

ENGINEERING

ENVIRONMENT

HYDROLOGY

m/053/005
DOGM
MINERALS PROGRAM
FILE COPY

FAX TRANSMISSIONTime: 16:05 AM/PMDate: 12-26-90To: Diane NielsonCompany: DOGMFrom: Brian Buck

JBR Consultants Group FAX number 801-942-1852

Total number of pages (including this page): 3**Special Instructions/Comments:**

Please inform Wayne Hedberg that this
fax has arrived for Diane

Principal Office:

1952 East Fort Union Blvd., Suite 209
Salt Lake City, Utah 84121
(801) 943-4144
Fax: (801) 942-1852

Reno Office:

245 East Liberty St., Suite 420
Reno, Nevada 89501
P.O. Box 41238, Reno, Nevada 89504
Fax: (775) 333-5531

Cedar City Office:

865 South Cedar Knolls West
Cedar City, Utah 84720
(801) 586-8793

Tenneco Minerals
A Tenneco Company

P.O. Box 2650
St. George, Utah 84770

December 26, 1990

Dianne R. Nielson, Ph.D.
Division Director
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180

RE: Tenneco Goldstrike Revised NOI

Dear Dr. Nielson:

On October 5, 1990, Tenneco Minerals submitted to the DOGM a revise Notice of Intention to Commence Mining Operations for the Tenneco Goldstrike Project. We received a fax of the unofficial draft comments on this matter on December 24, 1990 and have begun preparing our response to same. However, we recently learned that the official comments will not be released until after Lowell Braxton returns on January 3, 1991. We further understand that, due to logistics of agreeing on the bond amount with the BLM, the earliest that final approval could be granted by the DOGM would be after the Board meets in February of 1991, and this assumes that there are no problems between now and then that would delay this matter.

We had planned that the DOGM's comments on our Notice would have been received within a 30- to 60-day period of time, and that final approval would have been completed within about 90 to 120 days. Unfortunately this does not appear to be the case, and we are looking at a total approval time of up to 6 months. This delay in final approval of our proposal until late February could have serious economic effects on the Goldstrike operations and quite possibly result in a slowdown of operations. We therefore are requesting that the DOGM consider phased approval of the revised NOI.

We would like to begin construction on the proposed disturbances according to the anticipated construction schedule shown below.

January 1, 1991	Begin construction of dam access road and clear dam foundation
February 1, 1991	Begin placing Quail Canyon Dam fill
March 1, 1991	Begin placing Pad # 2 Extension fill

Nielson Letter
Page 2

September 1, 1991 Begin placing compacted fill and liners
November 1, 1991 Begin placing FML
December 1, 1991 Start loading ore on Leach Pad # 2 Extension

Tenneco would like to begin constructing the dam access and its foundation, then begin placing fill for the dam on schedule. This activity will disturb only a very small area compared to the rest of the proposal. Phased approval from the DOGM for construction of the dam would allow Tenneco to proceed with mining operations while the final bond amount is agreed upon between the DOGM and the BLM in February. We are hereby requesting your cooperation in approving the construction of this dam as soon as possible.

To ensure the DOGM that adequate surety will be in place, Tenneco will increase its present corporate surety bond to \$1.1 million as soon as possible. This amount would cover the DOGM's reclamation estimate of \$1,051,391 and some additional amount that the BLM may require (they have not yet completed their bond estimate). It would certainly cover the total disturbance caused by the operations to date and those that would be added by the dam construction, prior to final approval by the DOGM.

In addition, we would respond to all of DOGM's technical issues as quickly as we can to help move the final approval process along. We have already taken this posture with regard to the BLM's comments and have revised our Plan of Operations and Environmental Assessment to satisfy their preliminary comments.

We have always appreciated the fair and objective administration of the reclamation regulations by your capable staff and trust that we can arrive at a mutually acceptable solution to our problems with the apparent approval schedule of our Notice of Intent. Please feel free to contact me if you have any questions regarding this matter.

Sincerely,



Ken Kluksdahl
Mine Manager

cc: E. Lips/JBR
D. Brannum/Tenneco